



# **WATER AND WASTEWATER RATES**

**CITY COUNCIL MEETING**

February 9, 2021

Jimmy Tan, Public Works Director



# Objective

- ❖ Adopt Resolution Cancelling the Previously Approved Water and Wastewater Rate Increase for Fiscal Year 2021-22



# Agenda

- I. Background
- II. Factors for Existing Rate Increase
- III. Capital Improvement Program
- IV. Water and Wastewater Funds
- V. Utility Rates
- VI. Alternative
- VII. Staff Recommendation



# Background

- ❖ Completed water and wastewater rate study in 2017
  - ❖ Adjustment of utility rates for 5 years from FY 2017-18 to FY 2021-22
- ❖ Recommended 5% per year rate increases for water and wastewater



# Factors for Existing Rate Increase

- ▲ Projected increase in cost of purchase water from San Francisco Public Utilities Commission for Seismic Improvement Program
- ▲ On-going treatment cost and cost of upgrading the jointly owned wastewater treatment plant (Water Quality Control Plant)
- ▲ Cost to comply with SF Baykeeper and Regional Water Quality Control Board settlement agreements
- ▲ Replacing aging water and sewer infrastructure



# Water and Sewer Master Plans

- ▲ 2012 Water Master Plan Improvements
  - Total improvements cost: \$240.3 million
- ▲ 2014 Sewer Master Plan Improvements
  - Total improvements cost: \$133.5 million
- ▲ Rate study included projects from the Master Plans

# Water Projects Identified in Water Master Plan



Project	Status
San Antonio Avenue Water Main Improvements	Completed Construction
Avenues 1-1 and 1-2 Water Main Improvements	Completed Construction
San Mateo Avenue Water Main Improvements	Completed Construction
Arbor Court Regulator Improvements	Completed Construction
Well Rehabilitation Program	Completed Construction
Avenues 1-3 Water Main Improvements	Under Construction
Avenues 2-1 Water Main Improvements	Commenced Design
Avenues 3-1 through 3-4 Water Main Improvements	Commenced Design of Avenues 3-1
Cunningham (Tank 1) Replacement	Completed Design
Princeton (Tank 4) Replacement	Not Started
Sweeney Ridge (Tank 7) Replacement	Commenced Design
Sneath Lane, Lake, Whitman and Princeton Pump Stations	Commenced Design

# Wastewater Projects Identified in Sewer Master Plan



Project	Status
First Avenue Sewer Main Improvements	Completed Construction
San Mateo Avenue Sewer Main Improvements	Completed Construction
Crystal Springs Road Sewer Main Improvements	Completed Construction
Crestmoor Drive Sewer Main Improvements	Completed Construction
San Antonio Avenue Sewer Main Improvements	Completed Construction
Avenues 1-1 and 1-2 Sewer Main Improvements	Completed Construction
Avenues 1-3 Sewer Main Improvements	Under Construction
Avenues 2-1 through 2-3 Sewer Main Improvements	Commenced Design of Avenues 2-1 and 2-2
Avenues 3-1 through 3-3 Sewer Main Improvements	Commenced Design of Avenues 3-1
Crestwood Sewer Pump Station	Commenced Design
Crestmoor Sewer Pump Station Replacement	Completed Construction
Lomita Sewer Pump Station Replacement	Completed Construction





# Water and Wastewater Funds

- ❖ Projection of Water and Wastewater Fund balances through end of FY 2021-22 with no increases shows healthy reserves
- ❖ Cancelling rate increase for FY 2021-22 will not jeopardize funding for capital projects

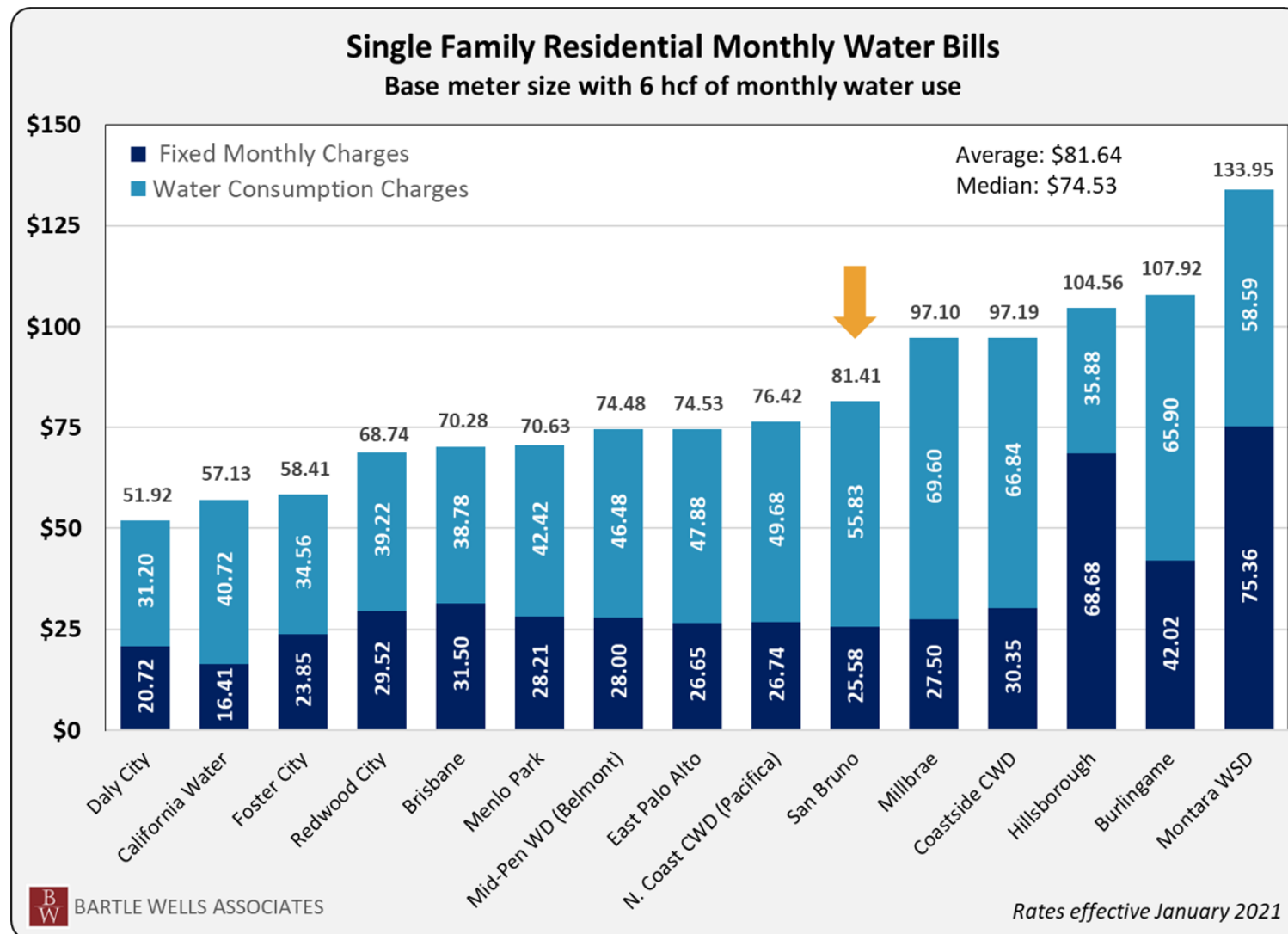


# Water and Wastewater Funds Balance

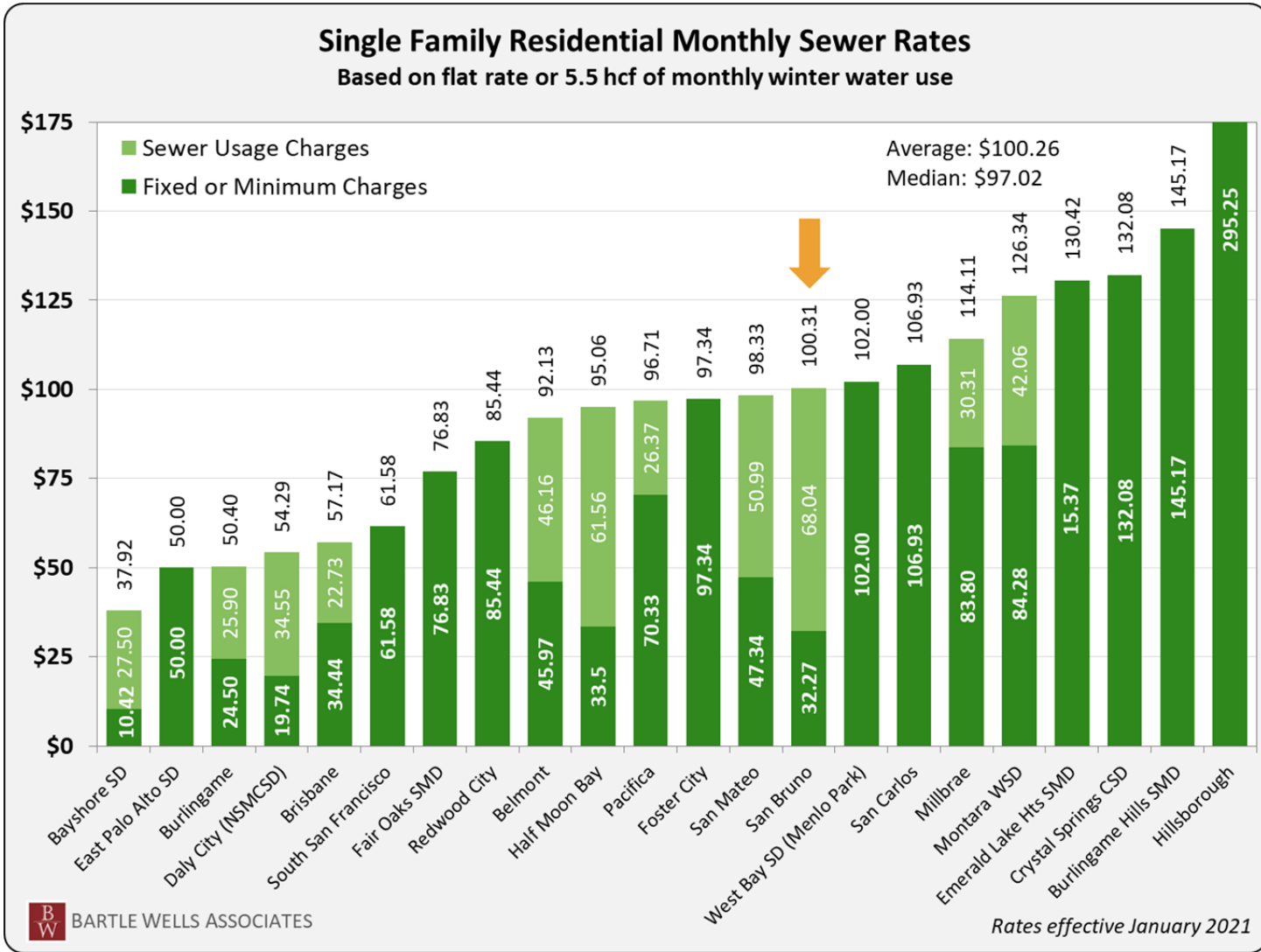
<b>Fund</b>	<b>Projected Ending Fund Balance for Fiscal Year 2021-22</b>	<b>Reserve Target for Fiscal Year 2021-22</b>	<b>Balance Above Reserve Target, for Fiscal Year 2021-22</b>
<b>Water</b>	\$13.4 million	\$7.2 million	\$6.2 million
<b>Wastewater</b>	\$17.1 million	\$7.5 million	\$9.6 million



# Water Rates

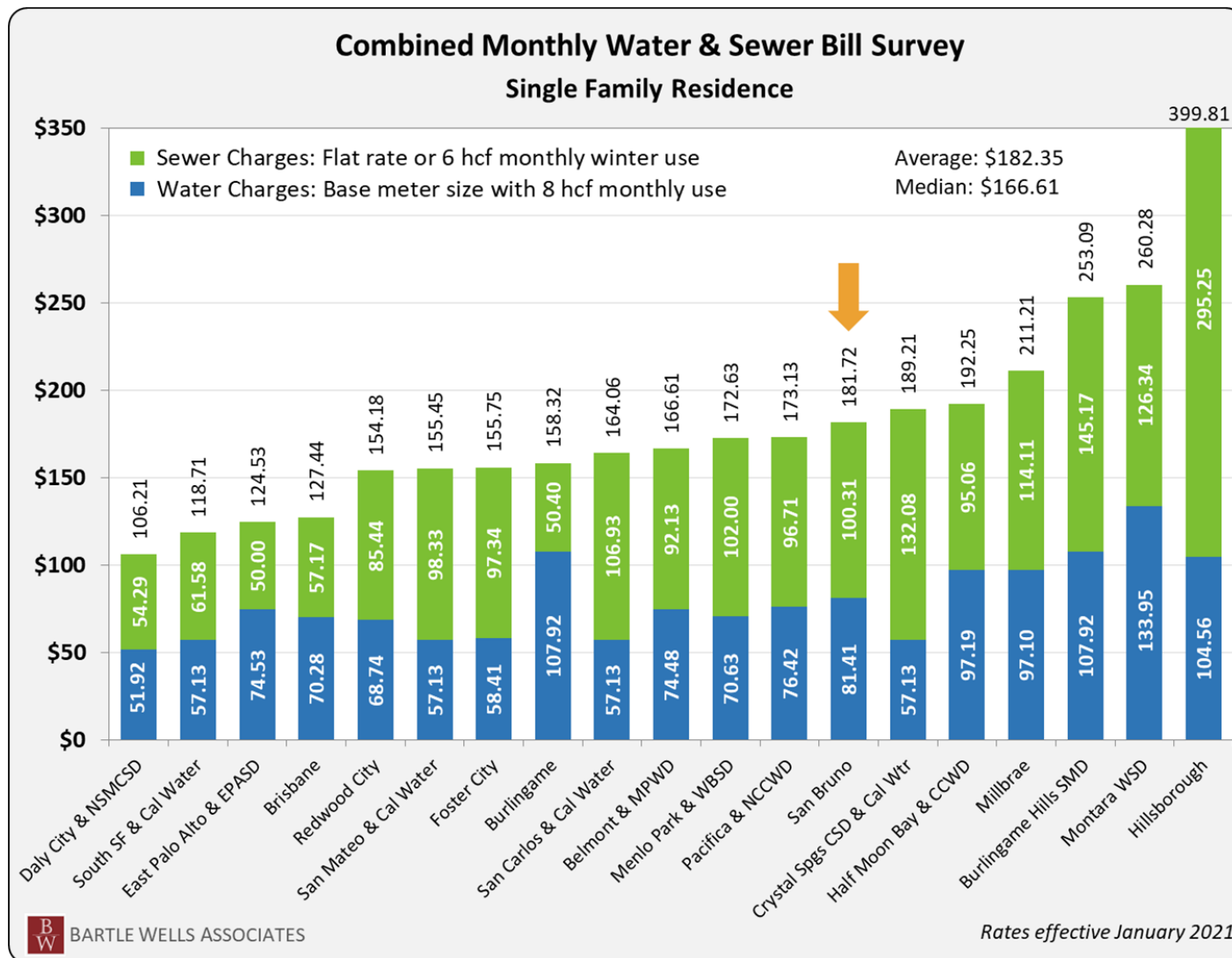


# Sewer Rates





# Combined Monthly Water & Sewer Bill





# Alternatives

- ❖ Do not cancel the previously approved rate increases for Water and Wastewater for fiscal year 2021-22.
- ❖ Defer the fiscal year 2021-22 rate increase until fiscal year 2022-23.
  - ❖ Note: A rate study will commence in late 2021 to relook at rates and reserves.



# Staff Recommendation

- ❖ Adopt Resolution Cancelling the Previously Approved Water and Wastewater Rate Increase for Fiscal Year 2021-22

# Questions and Discussion

